

Message Text

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PAGE 01 GENEVA 08588 01 OF 02 061547Z

ACTION EB-08

INFO OCT-01 ARA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05

L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15

STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15

AF-10 EA-10 EUR-12 NEA-11 OIC-02 NSCE-00 SSO-00

ICAE-00 INRE-00 XMB-02 OPIC-03 /158 W

-----085250 061613Z /45

O 061530Z JUN 78

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 0479

INFO AMEMBASSY BRASILIA

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 08588

PASS STR ELECTRONICALLY

E.O. 11652: N/A

TAGS: ETRD, GATT, BR

SUBJECT: GATT ARTICLE XXVIII NEGOTIATIONS - BRAZIL

1. SUMMARY: BRAZIL PRESENTED USDEL WITH OFFER ON 24
TARIFF LINES. OFFER CONSISTS MAINLY OF BINDINGS AT A
HIGHER RATE OR AT EXISTING RATE WITH SMALL TARIFF
REDUCTIONS ON 7 ITEMS. BRAZIL STRESSED QUALITY OF LIST,
WHICH CONTAINS 14 ITEMS ON U.S. REQUEST LIST. END
SUMMARY.

2. BRAZILIAN DEL (BOTAFOGO, NEVES, AND OTHERS) PRESENTED
US WITH ITS COMPENSATORY OFFER LIST JUNE 6, WHICH IS
REPRODUCED BELOW. LIST HAS NOT YET BEEN TRANSLATED
INTO ENGLISH AND BRAZIL DEL SAID THEY WOULD GIVE US
TRANSLATION AND TRADE FIGURES BY JUNE 8.

3. BRAZIL DEL QUESTIONED THE USE OF ONE YEAR (1974)

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PAGE 02 GENEVA 08588 01 OF 02 061547Z

BY THE U.S. TO CALCULATE TRADE COVERAGE OF ITEMS WITH-
DRAWN AND ITEMS ON U.S. REQUEST LIST. BOTAFOGO SAID
THAT 1974 WAS AN ABNORMAL YEAR AND THAT GATT TRADITION
WAS TO USE A THREE-YEAR AVERAGE. ON THIS BASIS, BRAZIL
CALCULATED THE VALUE OF ITEMS WITHDRAWN AT ROUGHLY
200-220 MILLION DOLLARS. ITS OFFERS ARE BASED ON AN
AVERAGE OF 1972-74 AND TOTAL APPROXIMATELY 120 MILLION

DOLLARS.

4. BOTAFOGO DESCRIBED BASIS FOR DETERMINING OFFERS AS FOLLOWS: BRAZIL DIVIDES ITS TARIFF ROUGHLY INTO THREE CATEGORIES: LOW TARIFFS, MEDIUM AND HIGH TARIFFS (GREATER THAN 50 PERCENT). IN MAKING ITS OFFERS BRAZIL HAS GENERALLY (ALTHOUGH NOT ALWAYS) OFFERED A CEILING BINDING AT A HIGHER RATE ON THOSE ITEMS WITH A CURRENT LOW TARIFF; A BINDING AT THE EXISTING RATE ON MEDIUM LEVEL TARIFFS AND A REDUCTION IN HIGH TARIFFS.

5. ON SOME ITEMS ON THE ATTACHED LIST, BRAZIL HAS SET A CEILING BINDING AT 30 PERCENTAGE POINTS HIGHER THAN THE CURRENT STATUTORY RATE. THEY HAVE DONE THIS TO ALLOW THE CUSTOMS POLICY COUNCIL (CPC) THE MAXIMUM FLEXIBILITY TO RAISE RATES TO THAT LEVEL, IF NEEDED, SINCE THE CPC HAS THE AUTHORITY TO RAISE ANY TARIFF BY 30 POINTS. BOTAFOGO POINTED OUT THAT, IN MANY CASES, BRAZIL HAS NO INTENTION OF RAISING THE RATES TO THESE LEVELS, BUT THAT IN ORDER TO OFFER THE ITEM FOR A GATT BINDING, GOB HAD TO GUARANTEE FLEXIBILITY TO DOMESTIC INTERESTS.

6. BOTAFOGO AND OTHERS REPEATEDLY STRESSED THE QUALITY OF THE LIST, POINTING OUT THAT IT COVERED MANY OF THE ITEMS IN THE U.S. REQUEST LIST. HE SAID IT HAD TAKEN CONSIDERABLE EFFORT AND WAS DIFFICULT POLITICALLY TO MAKE THESE COMMITMENTS. WHILE HE RECOGNIZED THAT THE LIMITED OFFICIAL USE

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PAGE 03 GENEVA 08588 01 OF 02 061547Z

ARTICLE XXVIII AND MTN NEGOTIATIONS WERE SEPARATE, HE URGED US TO LOOK AT BRAZILIAN OFFERS IN THE MTN AND ARTICLE XXVIII TOGETHER AS SIGNIFYING BRAZILIAN WILLINGNESS TO LIBERALIZE AND UNDERTAKE GREATER COMMITMENTS (BINDINGS) IN THE GATT.

7. IN RESPONSE, WE WELCOMED BRAZIL'S WILLINGNESS FINALLY TO MAKE A COMPENSATORY OFFER. ALTHOUGH WE ASKED FOR TIME TO STUDY IT IN DETAIL, OUR INITIAL REACTION WAS THAT IT WAS INADEQUATE SINCE IT CONTAINED FEW SIGNIFICANT TARIFF REDUCTIONS. WE DOUBTED THE OFFER WOULD CREATE AS MUCH TRADE AS HAD BEEN AFFECTED BY BRAZIL'S TARIFF WITHDRAWALS. ON TRADE COVERAGE, WE NOTED THAT 1974 WAS NOT AN ABERRATION SINCE BRAZILIAN IMPORTS HAD CONTINUED AT A HIGHER LEVEL. 1974 THEREFORE APPEARED AN APPROPRIATE YARDSTICK FOR CALCULATING THE VALUE OF WITHDRAWALS (FYI: THE 1974 TRADE FIGURES DO SHOW SOME UNUSUALLY LARGE JUMPS IN CHEMICAL AND AIRCRAFT IMPORTS). WE ASKED AGAIN CONCERNING AIRCRAFT AND BOTAFOGO CONFIRMED THAT NOTHING IS POSSIBLE. WE ASKED IF BRAZIL HAD CONSIDERED BINDING SOME OF THE WITHDRAWN ITEMS AT A HIGHER RATE SINCE BRAZILIANS HAD ARGUED

THAT THE WITHDRAWALS WERE MADE IN SEVERAL CASES TO ALLOW THE CPC TO HAVE THE FLEXIBILITY TO RAISE THE TARIFFS BY 30 POINTS IF NECESSARY. THIS QUESTION CAUSED SOME CONFUSION AMONG THE BRAZILIANS WHO SAID THAT WE WOULD FIND THE QUALITY OF THEIR OFFER LIST BETTER THAN SOME OF THE ITEMS WITHDRAWN.

8. BOTAFOGO INTENDS TO REMAIN IN GENEVA UNTIL ABOUT JUNE 16 AND WE TENTATIVELY AGREED TO MEET AGAIN THE AFTER-NOON OF JUNE 14 TO GIVE U.S. DETAILED REACTIONS TO THE BRAZILIAN OFFER.

9. BRAZILIAN OFFER IS AS FOLLOWS (ITEMS MARKED WITH AN ASTERISK ARE THOSE ON U.S. REQUEST LIST):
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PAGE 04 GENEVA 08588 01 OF 02 061547Z

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PAGE 01 GENEVA 08588 02 OF 02 061551Z
ACTION EB-08

INFO OCT-01 ARA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15
AF-10 EA-10 EUR-12 NEA-11 OIC-02 NSCE-00 SSO-00
ICAE-00 INRE-00 XMB-02 OPIC-03 /158 W
-----085264 061613Z /45

O 061530Z JUN 78
FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 0480
INFO AMEMBASSY BRASILIA

LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 08588

PASS STR ELECTRONICALLY

- ALIQUOTAS
NBM PRODUTO VIGENTE GATT OFERTA

- (IN PERCENTS)

08.06.01.00 MACAS 37 32 25(A)
 08.06.02.00 PERAS 37 32 25(B)
 29.09.04.00 OXIDO DE PROPILENO
 - (EPOXIDO DE PROPILENO) 15 - 45
 29.14.03.20 ACETATO DE VINILA 37 - 45
 38.14.01.00 ADITIVOS PARA OLEO OU
 - GRAXA LUBRIFICANTE 17 - 47
 38.14.02.01 A BASE DE TETRA-ETIL-
 - CHUMBO 12 - 30
 40.02.99.04 DE POLICLOROBUTADIENO 20 - 30
 40.02.99.06 DE POLIISOBUTILENO-
 - ISOPRENO 20 - 50
 84.22.09.00 GUINDASTE AUTOPROPULSOR,
 - MONTA DO SOBRE RODAS
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PAGE 02 GENEVA 08588 02 OF 02 061551Z

- OU ESTEIRAS, EXCETO
 - OS DO CAPITULO 87 30 - 45
 84.23.02.10 RASPO-TRANSPORTADOR
 - ("SCRAPER"),REBOCAVEL,
 - DE 2 RODAS, COM MOTOR
 - AUXILIAR DE TRACAO 30 - 30
 84.35.04.01 DUPLICADORES DE ESCRI-
 - TORIO, TIPO "OFF-SET" 30 - 30
 84.35.05.00 MAQUINAS ROTATIVAS PARA
 - JORNAIS 30 20 15
 84.56.99.00 OUTROS 45 - 45
 84.61.03.02 DE COBRE E SUAS LIGAS 60 55 50
 85.15.07.00 MESA DE CONTROLE,
 - INCLUSIVE DE AUDIO
 - E DE VIDEO 55 - 50
 85.19.01.02 INTERRUPTOR DE EMBUTIR
 - OU SOBRE POR, ROTA-
 - TIVA OU DE ALAVANCA 70 - 60
 85.19.02.99 QUALQUER OUTRO 45 - 45
 85.19.03.01 PESANDO ATE 2.000 KG 37 32 30
 85.19.05.99 QUALQUER OUTRO 55 - 55
 85.19.07.99 QUALQUER OUTRO 55 - 55
 87.01.01.01 CAMINHAO-TRATOR, DE CON-
 - STRUCAO ESPECIAL PARA
 - SERVICO PESADO, DES-
 - TINADO A TRABALHOS VIN-
 - CULADOS DIRETAMENTE AOS
 - TRANSPORTE DE MINERIOS,
 - PEDRAS, TERRAS COM PEDRAS
 - E MATERIAIS SEMELHANTES,
 - QUE NAO SE IDENTIFIQUE
 - COM CAMI NHAO-TRATOR DO

- TIPO COMERCIAL OU COMUM
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PAGE 03 GENEVA 08588 02 OF 02 061551Z

- ADAPTADO OU REFORCADO 20 - 30
87.02.03.05 TRANSPORTADOR MOTORI-
- ZADO TIPO "DUMPS", DE
- CONSTRUCAO ESPECIAL
- PARA SERVICO PESADO,
- DESTINADO AO TRANS-
- PORTE DE MINERIOS,
- PEDRAS, TERRAS COM
- PEDRAS E MATERIAIS SEMEL-
- HANTES, QUE NAO SE IDEN-
- TIFIQUE COM CAMINHAO BAS-
- CULANTE DO TIPO COMER-
- CIAL OU COMUM ADAPTADO
- OU REFORCADO (CA MINHAO
- FORA-DE-ESTRADA) 30 - 30
90.10.18.00 APARELHOS PARA FOTOCO-
- PIA POR SISTEMA
- OTICO 30 - 45
90.19.99.00 "EX" OUTROS APARELHOS DE
- ORTOPEDIA 15 - 30

(A) PARA UMA QUOTA GLOBAL DE 5.000T
(PERIODO AGOSTO A NOVEMBRO).
(B) PARA UMA QUOTA GLOBAL DE 2.000T
(PERIODO AGOSTO A NOVEMBRO).

VANDEN HEUVEL

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Message Attributes

Automatic Decaptioning: X
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Concepts: NEGOTIATIONS, TARIFF SCHEDULES
Control Number: n/a
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Draft Date: 06 jun 1978
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
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Secure: OPEN
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To: STATE
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vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/e3186e91-c288-dd11-92da-001cc4696bcc
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